

**Table 1—Elderly and pre-elderly populations continued to grow rapidly in retirement counties in the 1980's**

Age group	U.S. total	Metro	Nonmetro	Nonmetro retirement
<i>Percent</i>				
Total population:				
1980-1990	9.8	11.6	4.1	16.4
1970-1980	11.5	10.6	14.4	32.5
Ages 0-17:				
1980-1990	-0.3	1.5	-5.6	4.6
1970-1980	-8.8	-10.4	-3.7	11.0
Ages 18-34:				
1980-1990	4.0	6.4	-4.4	7.0
1970-1980	39.1	37.8	43.9	62.9
Ages 35-64:				
1980-1990	19.7	20.9	15.6	27.8
1970-1980	8.0	7.5	9.6	29.0
Ages 65 and over:				
1980-1990	22.5	24.5	17.5	31.5
1970-1980	26.8	26.8	27.1	47.6

Source: Ghelfi et al., 1993, pp. 65, 69, 70.

growth of only 4 percent, and experienced 1 percent net outmigration (tables 1 and 2). Inflation-adjusted median incomes increased by 4 percent in retirement counties during the 1980's, while they decreased by almost 1 percent for nonmetro areas in general (fig. 3).

### Benefits of Attracting Retirees Now

Although retiree attraction has already had a significant impact on rural America, its significance is likely to increase markedly in the future when the baby boom generation retires. As the 1990's progress, more communities will consider how they will be affected by the upcoming surge of baby boom retirees. Some communities will wait until the effects are obvious before taking action. Others will act soon to put into place policies that make the most of the inevitable.

The first baby boomers, born around 1945, have already reached the age of 50. Although most of these early boomers will not retire for another 10 years (average retirement age in the United States is about 60), many are probably already thinking about retirement and are looking for an ideal retirement spot. Some have already taken their first steps toward retirement in a rural location.

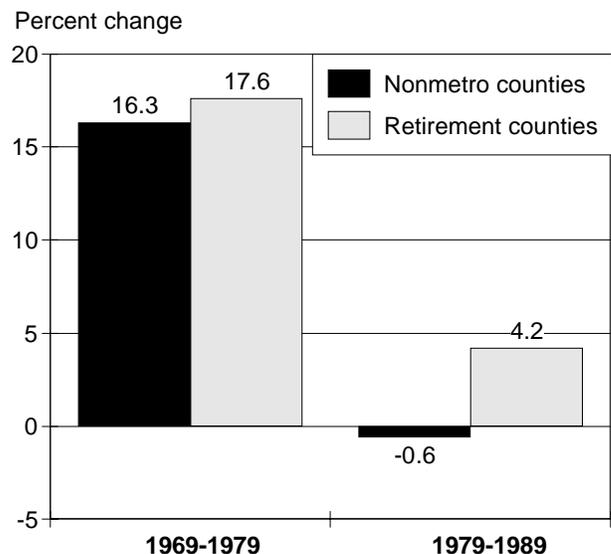
**Table 2—Net immigration and related population growth declined in the 1980's, but they remained substantial in retirement counties**

Time period	U.S. total	Metro	Nonmetro	Nonmetro retirement
<i>Thousands</i>				
Net migration:				
1980-1990	6,738	7,289	-552	1,434
1970-1980	5,819	2,840	2,979	2,148
<i>Percent</i>				
Effect on population:				
1980-1990	2.7	3.9	-1.0	11.6
1970-1980	2.6	1.7	5.3	19.0

Source: Ghelfi et al., 1993, p.71.

Some middle-aged baby boomers let go by corporate downsizing appear to have seized this opportunity to get out of the urban rat race, having relocated to a small town or rural area to take a new job or start businesses of their own until they have enough saved to retire in their new community. For example, many of those moving into the Rocky Mountains in recent years (fig. 4) seem to be middle-aged boomers fleeing California's stagnant economy and its congested,

**Figure 3--Median family income grew in retirement counties in both the 1970's and the 1980's**



Adjusted for inflation.

Source: Ghelfi et al.

## **Retirement Destination Counties: Changing Definitions and Performance in the 1970's and 1980's**

ERS defines retirement counties as nonmetro counties with 15 percent or more net immigration of the elderly (age 60+) during a decade. For example, county figures for net immigration of the elderly were estimated by applying national average mortality rates to the 1970 Census counts for the age groups that would be 60 and over as of 1980, producing an estimate of the elderly population that would be expected without migration. By subtracting this estimate from the actual 1980 Census count of age 60-plus population, ERS obtained an estimate of the net immigration of the elderly. Where the rate of net immigration (expressed as a percentage of the expected population in 1980) was 15 percent or more, the county was identified as a retirement county (Cook and Mizer, 1994).

When the Economic Research Service (ERS) first examined this phenomenon, it identified 515 out of 2,443 nonmetro counties—about 1 in 5—as retirement counties during the 1970's (fig. 1). The ERS study that defined and identified these counties (Bender et al., 1985) used the 1974 Office of Management and Budget metro designations to distinguish between metro and nonmetro counties. These retirement counties also experienced significant immigration of other age groups, resulting in 33-percent growth in total population for the 1970's. Concentrated in the South, in Appalachia, the Ozarks, and along the Rio Grande and Texas Hill country, and in several other parts of the country, these places averaged relatively low per capita incomes, but, with the help of retiree attraction and other forms of economic development, they closed some of this income gap during the 1970's (Reeder and Glasgow, 1990).

One apparent consequence of the nonmetro economic difficulties during the 1980's is that fewer (190) nonmetro counties met ERS's retirement county definition during the 1980's (Cook and Mizer). Most of these nonmetro retirement counties were near metro areas, whose more robust economies helped them outperform other nonmetro counties in attracting and retaining people of all ages, including the elderly (fig. 2).

Other factors that might explain the drop in the number of nonmetro retirement counties during the 1980's are:

- (1) increased metro area construction and marketing of specialized retirement housing, some subsidized by the Federal Government and some the result of national chains (such as the Hilton hotel chain), making retirement in metro areas more desirable than before;
- (2) the perception of improved quality of life in many metro areas during the 1980's—associated with the transition from manufacturing to service economies and successful urban renewal efforts (such as the harbor development in Baltimore);
- (3) the evolution of some 1970's retirement counties into metro counties by 1990; and
- (4) the inability of some 1970's retirement counties to sustain continued 15-percent immigration of the elderly after having already achieved a large base of elderly population during the 1970's.

high-cost communities. These people are expected to play an active role in the community, perhaps leading to a more diversified rural economy in many places.

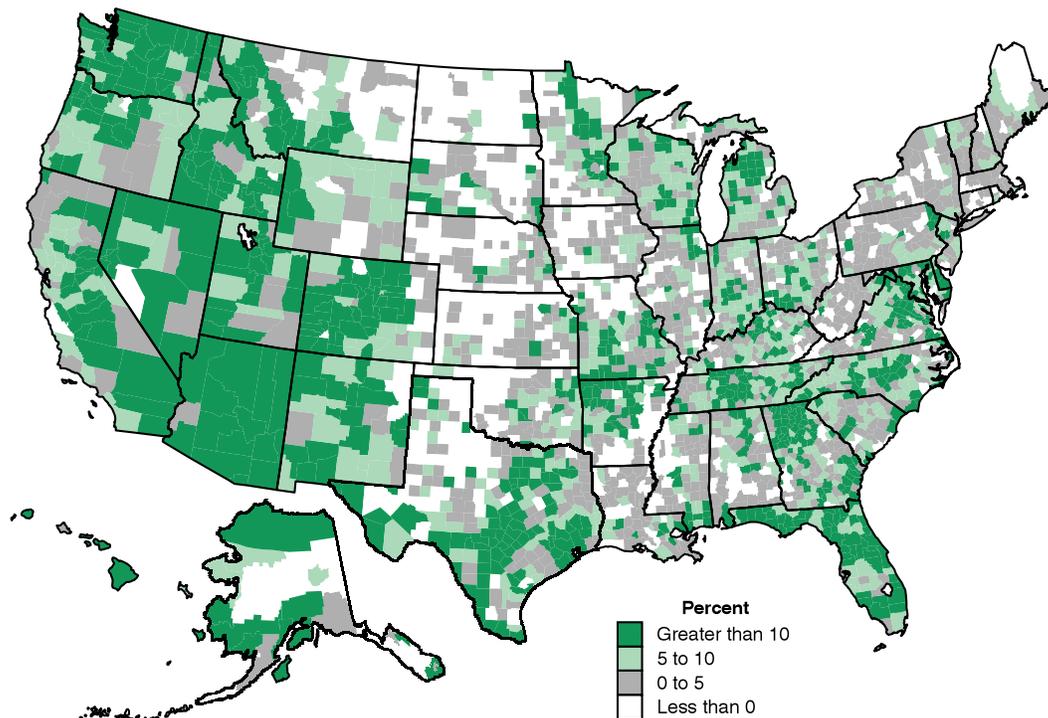
Many of the wealthier boomers actively being sought by retirement destinations are already having an impact in rural areas. They may have already bought, or will soon buy, a vacation home that can be converted into a retirement home within 10-15 years. Some high-income boomers, including the many professional two-person working couples, may retire early, between ages 50 and 55. Because the first wave of boomers is believed to be the wealthiest group, having benefited most from the real estate boom of the 1970's and 1980's, rural areas probably

cannot begin too early their efforts to attract these people.

The number of baby boom retirees migrating to small cities and rural areas could be large. Census projections indicate that, as of 1995, 25 million people (pre-boomers) were in the 50-59 age group that is currently planning retirement (Day, 1993). This group is the target of most retiree-attraction policies. When the first wave of baby boomers reaches this age, the 50-59 age group will mushroom in size, reaching 35 million by the year 2005.

Most baby boomers today live in metropolitan areas; most will probably choose to retire in their current communities. However, today's retirees have more income, independence, and motivation for migrating

Figure 4  
**Rapid growth has characterized many counties in the 1990's\***



\* Population change from 1990 to 1996.  
 Source: USDA, ERS, using data from the Bureau of the Census.

than in past years. Some surveys suggest that between 17 and 38 percent may move away to retire (Governors Task Force, 1994). This would represent a large and growing market for rural retirement destinations.

### Why Attract Retirees?

Rural communities might want to attract retirees to offset problems associated with the major changes in rural America over the last 20 years. One such change is the economic restructuring that characterized rural America in the 1980's and left many rural communities vulnerable and uncertain about their futures. Traditional rural industries such as farming and mining experienced significant declines in employment and real earnings. Even in rural manufacturing areas, which enjoyed more than 10 percent employment growth during the 1980's, real median family incomes were stagnant, reflecting industry cost-containment measures resulting from increased global competition (table 3). Many rural economies have revived during the 1990's, but rural industrial

restructuring continues, led by growth in service sector jobs. Retirees are attracted to many of these areas with strong services.

In another major change, urban regional service centers have grown and have absorbed retail and service activity from many small rural towns. This change, combined with the industrial restructuring described above, probably accounts for the large number of small rural towns experiencing population decline in recent years. Harley Johansen's recent (1994) study found that of the 13,306 rural places (incorporated towns with less than 2,500 population) in the United States, over 66 percent experienced population loss during the 1980's. Examining a sample of these small rural towns, Johansen found that the mean number of firms per place declined from 21.3 in 1980 to 15.3 in 1992, and most of this decline is associated with retail activity. The very survival of many of these small towns may be in doubt. Johansen's study concluded that, when it comes to economic opportunity in small rural towns,

**Table 3—For retirement counties, the 1980's brought relatively high levels of economic growth and rising median incomes, as well as large increases in poor persons and poor children**

Nonmetro county type	Population	Employment	Real median family income	Poor persons	Poor children	Poverty rate
<i>Percent change</i>						
Nonmetro total	4.1	12.3	-0.6	11.0	938	1.1
Economic type:						
Farming	-0.7	6.1	-1.4	1.4	1.5	0.5
Mining	-4.2	-1.2	-15.0	26.5	22.3	5.4
Manufacturing	2.5	11.5	0.9	6.4	4.3	0.6
Poverty	0.5	11.6	1.0	0	-5.7	0.1
Retirement	16.4	26.9	4.2	18.1	19.2	0.3
Proximity to metro:						
Adjacent to large metro <sup>1</sup>	10.5	19.8	0.7	21.7	24.4	1.3
Adjacent to small metro <sup>1</sup>	5.7	14.6	1.3	10.2	8.4	0.7
Nonadjacent with city	4.4	10.6	-2.0	18.3	18.0	2.1
Nonadjacent without city	-0.7	7.2	-2.0	4.5	2.4	1.0

<sup>1</sup> Large metro = 1 million or more residents; small = less than 1 million  
 Population and employment trends are for 1980-90. Other trends are for 1979-89.  
 Source: Ghelfi et al., 1993.

“...increasingly, either commuting to larger cities or retirement are the only options” (p. 4).

Another major change in rural America is the increase in migration of poor people from urban to rural areas, particularly to nonmetro areas adjacent to large metro areas. During the 1980's, nonmetro counties that were adjacent to large metro areas experienced 10-percent growth in total population. Even more rapid, however, was their 22-percent increase in poor persons, and their 24-percent increase in poor children. Although median family incomes have risen in these “adjacent counties,” their poverty rates have risen by 1.3 percentage points—0.2 percentage points more than the increase for nonmetro areas in general (Ghelfi et al., 1993). This may relate to the observed outflow of lower income population from central cities in search of lower cost housing in suburban and rural areas. Many of these individuals appear to be moving into mobile homes. Rural counties adjacent to major metropolitan areas experienced an 81-percent increase in mobile homes during the 1980's (Ghelfi et al., 1993). The influx of low-income individuals can strain a rural community's limited educational and social service resources. The recent welfare reforms initiated by States and by the

Federal Government might also increase the need to find jobs for many of these poor nonmetro residents.

With such diverse problems, it is understandable that different types of rural communities—both growing and declining, adjacent and nonadjacent to metro areas—might want to attract retirees to stabilize local populations, provide jobs for young people, maintain local retail businesses, diversify their economies, add to the tax base to maintain local infrastructure and services, and reinvigorate critical local institutions such as schools, hospitals, and churches. But what does research say about the potential for retiree immigration to address these problems?

### Research on Retiree Impacts

In theory, retirees can benefit a rural community in many ways. They consume goods and services, such as housing, food, entertainment, health services, and other items. Such consumption creates jobs and stimulates local businesses. Retirees also pay taxes that support public goods and services. They bring capital into the community, which may be invested locally by local banks. Some retirees start their own businesses using their own finances, or they may help finance joint ventures with local businesspeople.